

**DECLARATION OF TRUST**

**MANULIFE STABLE INCOME FUND  
A Multi-Class Unit Investment Trust Fund**

**KNOW ALL MEN BY THESE PRESENTS:**

This Declaration of Trust is executed by **MANULIFE ASSET MANAGEMENT AND TRUST CORPORATION (“MAMTC”)**, a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office at the LKG Tower, 6801 Ayala Avenue, Makati City, with authority to perform trust and other fiduciary functions, herein referred to as the “Trustee”;

**WITNESSETH:**

**ARTICLE I  
CREATION OF THE TRUST**

That for the purpose of providing investment opportunities to its trust clients pursuant to investment objectives and policies herein stipulated, the Trustee hereby establishes and declares itself as Trustee of a multi-class unit investment trust fund (UITF) for the collective investment of funds held by it in the capacity of Trustee under the terms and conditions herein below set forth.

**ARTICLE II  
NATURE AND INVESTMENT OBJECTIVES**

Sec. 1 Title of the Fund – The pooled fund shall be known as the MANULIFE STABLE INCOME FUND (herein referred to as the “Fund”).

Sec. 2 Nature of the Fund – The Fund is a bond fund UITF structured as a multi-class fund established in accordance with and shall be operated subject to the stipulations of this declaration and as the same may be amended from time to time in accordance with the regulations issued by the Bangko Sentral ng Pilipinas (the “BSP”) and to existing laws.

To promote operational efficiency and to eliminate the need to create separate UITFs with different fee structures but with the same objectives and strategies, the Fund offers investors access to the multi-class UITF. Each class may be subject to different conditions including, but not limited to, trustee fees and expenses, amount of minimum subscription, the minimum holding period, charges and target participants. The details of the different share classes of the Fund are specified in Appendix I, paragraph 4.

The Fund shall be treated as an entity separate and distinct from its constituent assets and from the contributions of the participations thereto and from other trust accounts administered by the Trustee.

Title to Assets of the Fund - All assets of the Fund shall, at all times, be considered as assets held by the Trustee vested solely in the Trustee.

Nature of Participant's Interest in the Fund – No Participant shall have or be deemed to have any ownership or interest in any particular account, investment or asset of the Fund but shall have only its proportionate and undivided beneficial interest in the Fund as a whole.

Relationship of Trustee with the Fund – The Trustee shall not have any other relationship with the Fund except in its capacity as Trustee thereof. Provided, however, that the Trustee which simultaneously administers the trust, fiduciary, or investment management funds may invest such funds in the Fund, if allowed under a policy approved by its Board of Directors.

Description of the Fund – The features of the bond fund shall be described in **Appendix I** which is attached hereto and made an integral part hereof.

Sec. 3 Investment Objectives and Policy – The assets of the Fund shall be invested and reinvested in such outlets and held and disposed of in accordance with such investment objectives and policies as likewise specified in **Appendix I**.

The Trustee shall make available to all Participants for review a list of prospective and outstanding investment outlets which shall be updated at least quarterly. Such disclosure shall be in the form prescribed under Appendix Q-34 of Subsection 4410Q.7 of the Manual of Regulations for Non- Bank Financial Institution.

### **ARTICLE III PARTICIPATION: ADMISSION & REDEMPTION**

Sec. 1 Qualified Participant (Requirements and Restrictions) – Prior to acceptance of the initial participation in the Fund, the Trustee or its duly authorized representative shall perform a Client Suitability Assessment (CSA) for the purpose of profiling the risk return orientation and suitability of the client to the Fund. The Fund is suitable for investors with moderate risk profile.

Participation in the Fund shall be open to Participants with legal capacity to contract and subject to the other conditions, rules or procedures stipulated in **Appendix I** hereto and those stipulated by the Trustee which it deems to be advantageous or to the best interest of the Fund.

Sec. 2 Participation Units – Participation in the Fund shall always be through participation in units of the Fund and each unit shall have uniform rights and privileges as any other unit. In the case of multi-class fund, units shall be issued as units in a class of fund. The beneficial interest of each participation unit shall be determined under the unitized net asset value per unit ( NAVPu) valuation methodology defined herein and no participation shall be admitted to, or redeemed from, the Fund or class of a Fund, except on the basis of such valuation and in such frequency as indicated in **Appendix I** hereto.

### **ARTICLE IV MANNER OF OPERATION**

Sec. 1 Pooled Fund Accounting – The total assets and accountabilities of the Fund shall be accounted for as a single account referred to as pooled-fund accounting method. The investments of a multi-class fund shall remain as one pool and are not separately allocated to classes.

Sec. 2 Distribution Channel– The Fund shall be distributed exclusively in distribution channels duly authorized by the Trustee and allowed under existing regulations.

Sec. 3 Expansion and Contraction of Fund – Admissions of participations in the Fund shall serve to expand the Fund's total outstanding units. Conversely redemption of participation/s from the Fund shall serve to contract the Fund's outstanding units.

Every participation in the Fund shall be evidenced by a subscription of units arrived at by dividing the amount of investment by the applicable NAVpu. On the other hand, every redemption of participation/s from the Fund shall be evidenced by a redemption of units arrived at by dividing the amount of redemption by the applicable NAVpu.

Sec. 4 Allocation and Distribution of Income – The market value of the Fund's investments, net of taxes, fees and expenses which are chargeable against the Fund shall be reflected in every net asset value (NAV) computation. The income of the Fund, therefore, shall be allocated to the Participants on a pro rata and pari-passu basis depending on the number of units held by each Participant in the Fund. The unrealized income/loss of each Participant in the Fund shall be the difference between the prevailing NAVPu over the acquisition cost of the Participant's units, multiplied by the number of units held by the Participant. The actual distribution or realization of income shall take place every time redemption of units from the Fund is made, to the extent of the number of units redeemed.

## **ARTICLE V VALUATION OF THE FUND AND PARTICIPATION UNITS**

Sec. 1 Valuation of the Fund – The Trustee's Fund Administrator (the "Fund Administrator") shall compute the NAV of the Fund daily subject to the following rules:

- (a) On "Valuation Day" which shall mean a trading day where the Fund is made available for admission or redemption, the Trustee shall determine the NAV of the Fund.
- (b) The NAV shall be the summation of the market value of each investment of the Fund less fees, applicable taxes, and other qualified expense as defined herein. The determination of market value of the investments of the Fund shall be in accordance with existing BSP rules and regulations on marking to market valuation of investment instruments more specifically described in **Appendix I** hereof.

Sec. 2 Valuation of Participation in Units – The valuation of participation in units shall be subject to the following rules:

- (a) The NAVPu shall be determined daily by dividing the NAV of the Fund by the total number of units outstanding as of Valuation Date.
- (b) The Trustee shall cause the publication of the NAVpu of all the unit classes of the Fund at least weekly in one or more newspaper of national circulation.

Sec. 3 Fees and Expenses of the Fund –

- (a) Trustee's Fees – The Trustee shall charge against the Fund regular trust fees in the percentage indicated in **Appendix I** hereto on a per annum basis based on the NAV of the Fund as its compensation for the administration and management of the Fund. These fees shall accrue and shall be collectible from the Fund, as and when the same becomes due, at such times as indicated in **Appendix I**. The trust fees shall be uniformly applied to all Participants of share class A of the Fund. Said fee may be increased or decreased in the future as may be warranted by circumstances then existing, subject to the requirements of Subsection 4410Q.6 of the Manual of Regulations for Non- Bank Financial Institutions. In the event the trust fees are changed, such change shall be charged prospectively. The share class I is a zero fee share class. The trust fee for Participants in the share class I are charged at the bespoke (segregated) account level based on their respective Trust Agreement and/or Investment Management Agreement with the Trustee.
- (b) Special Expenses – The Trustee may charge the Fund for special expenses if the same is necessary to preserve or enhance the value of the Fund. Such special expenses shall be payable to pertinent third party or parties covered by separate contract/s, and disclosed to the Participants in Key Information and Investment Disclosure Statement (KIIDS).

## **ARTICLE VI TRUSTEE POWERS & LIABILITIES**

Sec. 1 Management of the Fund – The Trustee shall have the exclusive management, administration, operation and control of the Fund, and the sole right at any time to sell, convert, reinvest, exchange, transfer or otherwise change or dispose of the assets comprising the Fund taking into consideration the investment objective and investment policy of the Fund.

However, if the Trustee deems it proper and beneficial for the Fund, the Trustee may engage the services of third party/ies as investment advisor or manager of the Fund; provided that, it is disclosed to the Participants and the BSP is duly notified thereof with the pertinent documents on the hiring of third party/ies submitted thereto. The Trustee shall periodically review on an ongoing basis the performance by such third party/ies.

Sec. 2 Powers of the Trustee – In addition to powers stipulated in **Appendix I**, the Trustee shall have the following powers:

- a. To hold legal title over the assets comprising the Fund for the benefit of the Participants;
- b. To have exclusive management and control of the Fund, full discretion in respect of investments, and the sole right, at any time to sell, convert, reinvest, exchange, transfer or otherwise change or dispose of the assets comprising the Fund taking into consideration the investment objective and investment policy of the Fund;
- c. To hold, place, invest and reinvest the Fund with full discretionary powers, and without distinction, as to the principal and income in investments stipulated in Article II, Section 3 hereto and in such investments it may deem sound and appropriate, subject only to the limitations of the investment objectives and policies of the Fund stated in Article II, Section 3 hereof.
- d. To deposit in any bank or financial institution, such portion of the Fund as allowed under this Declaration of Trust, subject to the requirement of Subsection 4410Q.8 of the Manual of Regulations for Non- Bank Financial Institutions;

- e. To register or cause to be registered any securities of the Fund in nominee or bearer form;
- f. To appoint and retain the services of qualified and reputable local or foreign investment advisor and/or fund manager/s; provided, however, that the Trustee shall retain ownership and control of the Fund, and provided further, that the investment advisor/s and/or fund manager/s shall work within the investment parameters or guidelines set by the Trustee from time to time and shall directly be responsible to the Trustee for any investment actions and decisions undertaken for the Fund;
- g. To hire and compensate legal counsel/s, certified public accountant/s and other specialist/s in connection with administration and management of the Fund and the protection or advancement of its legal and other interests;
- h. To make, execute, acknowledge and deliver any or all securities, agreements, contracts, deeds, documents and instruments necessary in the management and reinvestment of the Fund, or in connection with the exercise of the powers herein conferred or the performance of acts herein authorized;
- i. To collect, receive and receipt for income, dividends, interest, profits, increments and such other sums accruing or due to the Fund;
- j. To reject any invalid or improper application of fund switching in whole or in part (including any applications which the Trustee knows to be or has reasons to believe to be related to market timing or from Participants whom it considers to be excessive traders).
- k. To pay out of the Fund all costs, expenses, and proper charges incurred in connection with the administration, preservation, maintenance and protection of the Fund; and
- l. To perform such acts which are necessary or desirable for the proper administration and management of the Fund.

Sec. 3 **Liability of the Trustee** – Save that attributable to the Trustee’s fraud, willful default, bad faith or gross negligence, the Trustee shall not be liable for any loss or depreciation in the value of the Fund or in the value of the Participant’s participation in the Fund. The Trustee shall not be liable for any act or omission where such action or inaction, in the good faith judgment of the Trustee, was then necessary, reasonable or appropriate for the proper and advantageous administration and management of the Fund.

Sec. 4 **Non-Coverage by PDIC** – Participation in this Fund creates a trust arrangement and is not a deposit account. As such, the participation in the Fund is not covered by the Philippine Deposit Insurance Corporation (PDIC). Any income or loss of the Fund (whether realized or unrealized) will impact the NAVPu and shall be for the account and risk of the Participant.

## **ARTICLE VII RIGHTS OF PARTICIPANTS**

Sec. 1 **Right to Inspect Declaration** – A copy of this Declaration of Trust shall be available at the principal office of the Trustee for inspection by any person having an interest in the Fund or by his authorized representative. Upon request, a copy of the Declaration of Trust shall be furnished such interested person.

Sec. 2 **Disclosure of Investments** – A list of existing and prospective investments of the Fund shall be made available to Participants. Such disclosure shall be substantially in the form provided under Appendix Q-34 of Subsection 4410Q.7 of the Manual of Regulations for Non-Bank Financial Institutions. Notwithstanding the disclosure

requirement in the form prescribed under Appendix Q-34 mentioned above, upon request, Participants in the Fund shall be furnished a quarterly list of investments held by the Fund.

Sec. 3 Disclosure of Risks – Participants shall be informed of the risks attendant to this type of Fund through a “Risk Disclosure Statement”.

Sec. 4 Redemption of Participations – A notice of amendments to Declaration of Trust shall be furnished the Participants immediately. The Participants shall be allowed to redeem their participations in the Fund, subject to the procedure set forth in Article IX, hereof.

Sec. 5 Rights Upon Termination of Plan – In case of termination of the Plan, the Participants shall have (a) the right to be notified at least thirty (30) business days prior to the actual termination of the Fund in accordance with Article IX, Section 2 hereof and, (b) upon demand, the right to inspect or be provided a copy of the financial statement used as a the basis for the distribution of the Fund.

In respect of the Fund, the rights of the remaining Participants as against each other shall be pari-passu and pro-rata.

#### **ARTICLE VIII ANNUAL AUDIT AND REPORT BOOKS OF ACCOUNTS**

Sec. 1 Annual External Audit - Aside from the regular audit requirement applicable to all trust accounts of the Trustee, an external audit of the Fund shall be conducted annually after the close of each fiscal year by an independent auditor acceptable to BSP. The external audit shall be conducted by the same external auditor engaged for the audit of the Trustee. The result of this audit shall be the basis of the Trustee’s annual report which shall be made available to all the Participants. A copy of the report, or a notice that the report is available and that a copy thereof will be furnished upon request, without charge, shall be sent to each Participant.

The Trustee shall likewise, prepare a quarterly performance review of the Fund and shall make the same available to the Participants not later than twenty (20) calendar days from end of the reference date/period.

#### **ARTICLE IX AMENDMENTS & TERMINATION**

Sec. 1 Amendments – This Plan may be amended from time to time by resolution of the Board of Directors of the Trustee: *Provided, however,* that Participants in the Fund shall be immediately notified of such amendments and those who are not in conformity with the amendments made shall be allowed to withdraw their participations within (30) calendar days after the amendments are approved or such longer period as may be fixed by the Trustee: *Provided further,* That amendments to the Plan shall be submitted to the BSP within ten (10) business days from approval of the amendments by the Board of Directors of the Trustee. The amendments shall be deemed approved after thirty (30) business days from date of completion of requirements.

Sec. 2 Termination – This Plan may be terminated by a resolution of the Board of Directors of the Trustee when, in sole judgment of the Trustee, continued operation thereof is no longer viable or by reason of a change in the Trustee’s business strategy. The resolution shall specify the effective date of such termination. A copy of the resolution shall be submitted to the appropriate department of the BSP. At the discretion of the Trustee’s Board of Directors, it may engage the services of a reputable accounting firm to look into the books and record of the Fund maintained by the Trustee and to certify to the financial condition of the Fund. Upon approval of the termination of the Plan, the Trustee shall notify the Participants accordingly.

Following the approval of the termination of the Plan but at least thirty (30) business days prior to the actual termination of the Fund, the Trustee shall provide notice of the termination of the Funds to the remaining Participants. Such notice may be made by the Trustee by way of direct written notice to each Participant or through the posting of notices in the premises of the head office and branches, as well as in the corporate website, of the Trustee. Upon termination, the Trustee shall prepare a financial statement of the Fund which shall be made the basis for distribution to the Participants.

**ARTICLE X  
OTHER TERMS AND CONDITIONS**

This Declaration of Trust is further subject to the other terms and conditions set forth in **Appendix I** (Fund Specifications).

**IN WITNESS THEREOF**, Manulife Asset Management and Trust Corporation has caused this Declaration of Trust to be signed on \_\_\_\_\_ at Makati City, Metro Manila.

**MANULIFE ASSET MANAGEMENT AND TRUST CORPORATION  
(TRUSTEE)**

By:

**MACARIA TRINIDAD F. GASPAR  
President**

SIGNED IN THE PRESENCE OF:

**STANLEY RAYMUND V. CABRERA V  
Risk Officer**

**DELMA MAY D. AWEN  
Compliance Officer**

**ACKNOWLEDGMENT**

REPUBLIC OF THE PHILIPPINES)  
\_\_\_\_\_ ) S. S.

BEFORE ME, a Notary Public for and in the above jurisdiction, on this day of \_\_\_\_\_ at \_\_\_\_\_, personally appeared the following, exhibiting to me the following described Competent Evidence of Identity (CEI) in accordance with the 2004 Rules of Notarial Practice:

Name	CEI
Macaria Trinidad Gaspar	

known to me and by me known to the same persons who executed the foregoing Declaration of Trust consisting of \_\_\_\_\_ pages including its annex documents and this page wherein this acknowledgment is written and who acknowledged to me that the same is their free and voluntary act and need.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed on every page hereof of my notarial seal at the place and on the date first above written.

Doc. No. \_\_\_\_\_  
Page No. \_\_\_\_\_  
Book No. \_\_\_\_\_  
Series of 2018



**APPENDIX I****MANULIFE STABLE INCOME FUND  
A Multi-Class Unit Investment Trust Fund****FUND SPECIFICATIONS****1. Investment Objective**

- (a) The Fund is a bond fund that seeks to preserve capital and generate income by investing in fixed income securities with maximum remaining term to maturity of up to three (3) years.
- (b) Benchmark. The benchmark of the Fund is the Markit iBoxx ALBI Philippines 1-3 Index.

**2. Investment Policy**

- (a) Pursuant to the foregoing objectives, the Trustee, with full discretionary powers, may invest and reinvest the assets of the Fund in:
  - Securities issued by the Republic of the Philippines and government-owned or controlled entities including the Bangko Sentral ng Pilipinas (BSP);
  - Securities issued by financially sound companies;
  - Other liquid fixed income instruments including term deposits;
  - Other investment allowed under the regulations issued by the BSP

The Fund may avail itself of financial derivative instruments solely for the purpose of hedging risk exposures of its existing investments provided these are disclosed to Participants, are accounted for in accordance with existing BSP hedging guidelines as well as the Trustee's risk management and hedging policies duly approved by the Board of Directors and all the requirements for hedging transactions under Philippine Accounting Standards (PAS) are observed. The risk exposures include those enumerated in the Risk Disclosure Statement of the Trustee's UITFs.

The target modified duration of the Fund is 2 years with an allowed tactical range of 1 to 3 years.

**(b) Exposure Limit**

The combined exposure to any entity and its related parties must not exceed fifteen (15%) of the market value of the Fund. Provided, that investments of the Fund in exchange traded equity securities shall be subject to the fifteen (15%) exposure limit to a single entity/issuer. Provided, further, that in the case of an exchange traded equity security which is included in an index and tracked by the Fund, the exposure of the Fund shall be the actual benchmark weighting of the issuer or fifteen (15%), whichever is higher. This limitation shall not apply to non-risk assets as defined by the BSP. In case the limit is breached due to the marking-to-market of certain investment/s or any extraordinary circumstances, e.g. abnormal redemptions which are beyond the control of the Trustee, the Trustee shall be given thirty (30) days from the time the limit is breached to correct the same.

3. **Qualified Participants** - Participation in the Fund shall be open to all persons with legal capacity to enter into contracts. Acceptance of Participants shall be subject to the rules or procedures established by the Trustee which it deems advantageous or to the best

interest of the Fund. The Fund is suitable for investors with a moderate risk profile. In order to minimize risks and maximize returns, the Participants are recommended to stay invested in the Fund for at least (3) years.

4. **Structure** – To promote operational efficiency and to eliminate the need to create separate UITFs with different fee structures but with the same objectives and strategies, the Fund offers investors access to the multi-class UITF. Each class may be subject to different conditions including, but not limited to, trustee fees and expenses, amount of minimum subscription, the minimum holding period, charges and target participants.

**Available share classes:**

- Class I units are available for investment only by institutional investors with bespoke (segregated) accounts managed by the Trustee and UITFs offered by the Trustee. Share Class I is a zero management fee share class as the management fee of the Trustee is charged at the bespoke account level or at the Investor Fund in the case of UITFs offered by the Trustee.
- Class A units are available for investment by retail investors that are not eligible to subscribe to share class I.

5. **Rules Related to Valuation** - The matter of determining the value of the various instruments in the Fund shall be vested in the Trustee through its Board of Directors. Subject to pertinent BSP Implementing Rules and Regulations, the Trustee shall adopt a Marked-to-Market Valuation Methodology which, once adopted, shall herewith be consistently and strictly applied. The basis for pricing/valuation per asset class/asset shall follow existing BSP marking-to-market guidelines, such that for equity securities and ETFs reference shall be the closing prices of the corresponding stock exchange where the stock is listed; for local currency-denominated government and corporate securities, reference shall be the latest available price as of end of day, Manila time, quoted in major information systems such as but not limited to PDEX. In the absence of a price, use of average quotes of at least 3 regular brokers/dealers/market makers.

- (a) The NAV of the Fund shall be computed using the pooled-fund accounting methodology, or more specifically based on the following formula:

	Cash Deposits	
+	Market Value of Investment	
+	Accrued Interest on Cash Deposits	
+	<u>All other assets and receivables</u>	
	GROSS ASSET VALUE	
-	Accrued Taxes Payable	
-	Other Accrued Expenses	
-	Accounts Payable	
-	<u>All Other Liabilities</u>	
	NET ASSET VALUE GROSS OF TRUST FEES	

The NAVPu of each class shall be computed by dividing total net assets of a class by the total outstanding units of such class; where, the net assets of each class shall represent its proportionate share on the net assets of the Fund less the trustee fee and any other expenses attributable to that class. The NAVPu shall be computed up to four (4) decimal places as follow:

$$\text{SHARE CLASS I NAVPu} = \frac{\text{Total Net Assets of Share Class I}}{\text{Total number of outstanding units of Share Class I}}$$

$$\text{SHARE CLASS A NAVPu} = \frac{\text{Total Net Assets of Share Class A} - \text{Trust Fee}}{\text{Total number of outstanding units of Share Class A}}$$

- (b) The NAVPu of the Fund shall be computed daily and made available not later than 6:00PM of the each business day. The NAVPu shall be made available to Participants upon request.
- (c) **Suspension of Trading-** The Trustee of the Fund may temporarily suspend calculation of the NAV/NAVPu of the Fund, as well as admission to and redemption from the Fund, if it is unable to determine the NAVPu of the Fund due to the suspension of trading of its securities or any fortuitous event, such as fire, natural calamity, public disorder, or national emergency affecting the financial market resulting in the suspension of trading and consequently, the absence of available market prices of securities/instruments.

## 6. Admission and Redemption

- (a) Policies on Admission and Redemption

<b>Requirement</b>	<b>Class I</b>	<b>Class A</b>
<b>Par Value* of the Fund</b>	Php 1.00/unit	Php 1.00/unit
<b>Minimum Initial Participation</b>	Php 5,000.00	Php 5,000.00
<b>Minimum Maintaining Participation</b>	Php 5,000.00	Php 5,000.00
<b>Minimum Additional Contribution</b>	Php 5,000.00	Php 5,000.00
<b>Minimum Redemption</b>	Php 5,000.00	Php 5,000.00
<b>Minimum Holding Period without early redemption fee</b>	Not applicable	Thirty (30) calendar days

\* The value of the NAVPu at the start of the Fund's operation.

\*\* For those participants availing of the Regular Savings Plan (RSP), the minimum additional contribution to the Fund will be in accordance with the MAMTC RSP Terms and Conditions.

Above amounts may be subsequently changed to apply on a prospective basis, subject to the rules on amendments to the Plan, as specified in Section 1 of Article IX of the Declaration of Trust of the Fund.

- (b) **Settlement of Contributions and Redemption.** Contributions received on or before the cut-off time shall be valued at the end of the business day immediately following the receipt of cleared funds, subject to meeting the requirements for participation in the Fund. Redemptions shall be settled five (5) business days following the receipt of the redemption request. Redemption proceeds shall be calculated based on the applicable NAVPu to be released on the immediately succeeding business day following receipt of redemption request. Redemptions of investments made within the last thirty (30) calendar days from the date of investment shall be subject to an early redemption fee of 1% of the amount redeemed. The early redemption fee shall

inure to the benefit of the Fund. The aforementioned minimum holding period and early redemption fee shall apply to Class A shares only.

- (c) Partial redemption of unit holdings is allowed, provided that the remaining balance after redemption meets the minimum maintaining balance of the Fund. Otherwise, the Participant will have to make a full redemption. The redemption proceeds shall be based on NAVPu to be released on the business day following receipt of redemption request. A transaction advice shall be sent to the Participant indicating the remaining outstanding unit holdings, if any. Partial redemptions of investments made within the last thirty (30) calendar days from the date of investment shall be subject to an early redemption fee of 1% of the amount redeemed. The redemption fee shall inure to the benefit of the Fund. The aforementioned minimum holding period and early redemption fee shall apply to Class A shares only.
- (d) Admission and Redemption Cut-off Time. Admission and/or notice of redemption received by the Trustee on or before the cut-off time of 4:00PM shall be considered as transaction for the day. However, admission/notice of redemption received after the cut-off time shall be considered as transaction for the next applicable business day. Upon initial participation, the Participating Trust Agreement and Confirmation of Participation shall be made available to the Participant. A Transaction Advice shall be provided to the Participant for subsequent transactions.
- (e) Regular Savings Plan. Additional subscriptions to the Fund may also be made through MAMTC's Regular Savings Plan (RSP). The RSP is a savings and investment facility that allows an existing participant to the Fund to make regular contributions to the Fund. The features, terms and conditions of the RSP are disclosed in the MAMTC RSP Form, which may be downloaded from the website of the Trustee. To avail of the RSP, the existing participant to the Fund shall submit a duly completed and signed RSP Form to affirm his/her understanding and acceptance of the features, terms and conditions of the RSP.
- (f) Redemption Requirements and Conditions. Redemption shall also be subject to the requirement/condition below:

**Redemption Notice Period.** The Participant of the Fund may redeem his/her participation on any business day. However, when in the opinion of the Trustee, the interest of the Fund/Participants so requires, the Trustee reserves the right to require from the Participants five (5) business days advance written notice of redemption of participation from the Fund. In the exercise of such right, the Trustee shall duly notify the Participants of the Fund of said five (5) business days advance written notice of redemption by way of written or electronic correspondence to each participant, or through notices posted in the Trustee's website, in the premises of the Head Office and the branches and/or marketing offices of the Trustee. The notification shall be provided by the Trustee to the Participants within two (2) business days from the determination to exercise such right.

- (g) Switching Feature. The participant of the Fund may at any time switch all or part of his/her unit holdings to another Fund managed by the Trustee, subject to the terms and conditions for switching prevailing at the time of exercise of this switching feature. The multiple exercise of fund switches by the participant in the same calendar year may result in the imposition of a switching fee. The participant is advised to review these terms and conditions prior to exercising the switching feature of this Fund. The terms and conditions for switching shall be made available at the Trustee's website and may be provided to the participant upon request.

- (h) **Cooling Off Period.** The participant of the Fund who is a natural person may avail of the cooling-off period of two (2) business days immediately following the approval of the participation to cancel his participation without penalty, subject to submission of a written notice to MAMTC during the cooling off period. The settlement amount shall be calculated based on the NAVPu of the Fund to be released on the immediately succeeding business day following the receipt of the notice to avail of the cooling off period.

**7. Currency**

Participation and redemption shall be paid in Philippine Pesos.

**8. Fees and Expenses**

<b>Fees and Expenses</b>	<b>Class I</b>	<b>Class A</b>
<b>Trust Fee (as a % p.a. of NAV)*</b>	N/A	1.25%
<b>Early Redemption Fee**</b>	N/A	1.0%
<b>External Audit Fees</b>	Based on approved billings	Based on approved billings
<b>Custody Fees</b>	Based on approved custody fee structure	Based on approved custody fee structure
<b>Fund Administration Fee</b>	Based on approved fund administration fee structure	Based on approved fund administration fee structure

\* The said fees shall be accrued daily and shall be collectible from the Fund on a monthly basis.

\*\* Fee to be charged on the amount withdrawn within thirty (30) calendar days from date of investment, subject to MAMTC UITF Switching Terms and Conditions. The early redemption fee shall inure to the benefit of the Fund.

9. **Custody of Securities** – Investments of the Fund shall be held for safekeeping by any BSP accredited third party custodian/s which shall perform independent marking-to-market of such investments, as well as other functions pursuant to the relevant Custody Agreement. The Fund’s custodian bank is The Hongkong and Shanghai Banking Corporation Limited – Philippine Branch.

10. **Fund Administrator** – The Fund’s administrator is The Hongkong and Shanghai Banking Corporation Limited – Philippine Branch.

**11. Key Risks**

- (a) **Market /Price Risk** - This is the possibility for an investor to experience losses due to changes in market prices of securities (e.g. bonds and equities). It is the exposure to the uncertain market value of a portfolio due to price fluctuations.
- (b) **Interest Rate Risk** - This is the possibility for an investor to experience losses due to changes in interest rates. The purchase and sale of a debt instrument may result in profit or loss because the value of a debt instrument changes inversely with prevailing interest rates.
- (c) **Liquidity Risk** - This is the possibility for an investor to experience losses due to the inability to sell or convert assets into cash immediately or in instances where conversion to cash is possible but at a loss. These may be caused by different

reasons such as trading in securities with small or few outstanding issues, absence of buyers, limited buy/sell activity or underdeveloped capital market.

(d) **Credit/Default Risk** - This is the possibility for an investor to experience losses due to a borrower's failure to pay principal and/or interest in a timely manner on instruments such as bonds, loans, or other forms of security which the borrower issued.

(e) **Reinvestment Risk** - This is the risk associated with the possibility of having lower returns or earnings when maturing funds or the interest earnings of funds are reinvested.